

**Federal Trade Commission
Department of Justice
Hearings on Health Care and
Competition Law and Policy
March 27, 2003**

Dennis I. Kelly

Executive VP, Development &
Government Relations
MedCath Corporation

MedCath



Our Vision:

Redefine the way cardiovascular care is delivered

Our Mission:

Improve clinical outcomes for cardiac patients through a physician driven, patient focused approach

Our Values:

People, Partnership, Quality, Integrity



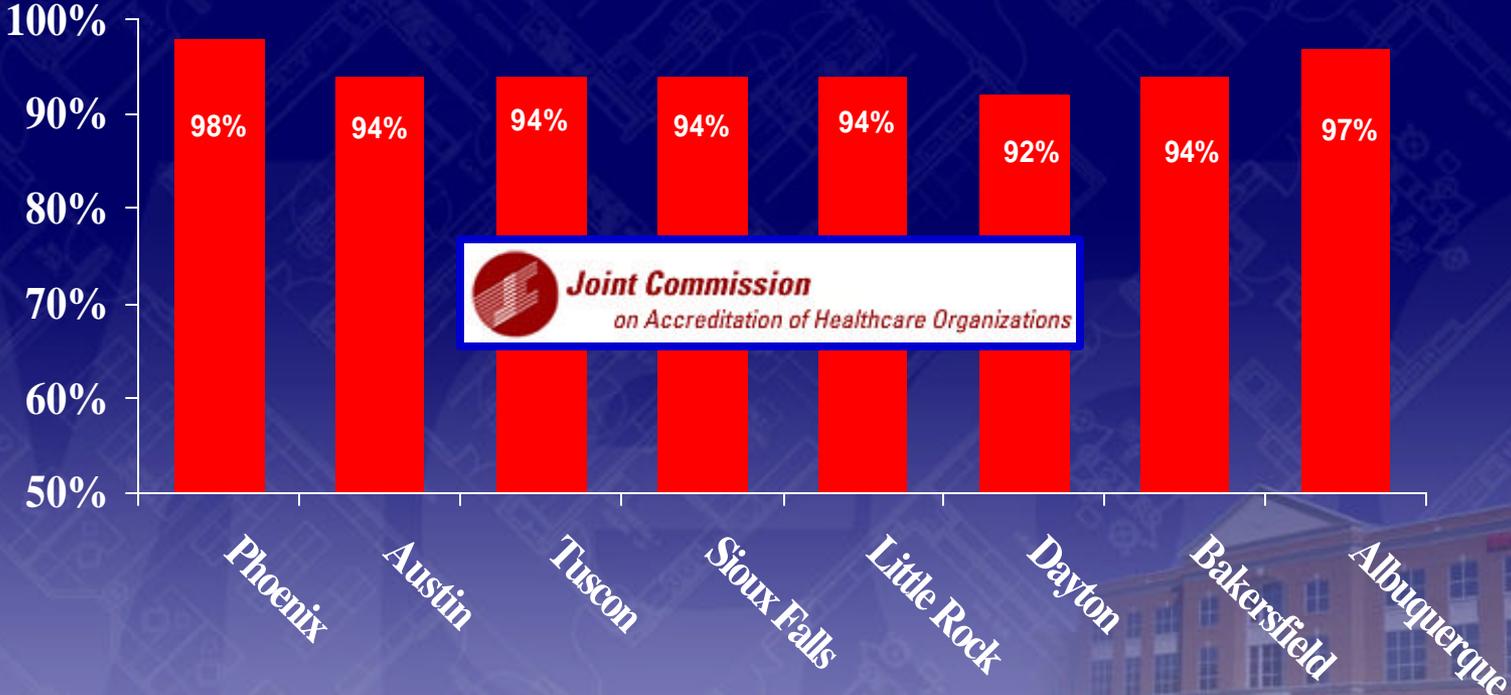
MedCath's Heart Hospital Model

- Facility licensed as a free standing general acute care hospital designed to focus primarily on cardiovascular care
 - 24 hour / 7 Emergency Services
 - Treat all Patients regardless of ability to pay
 - 32 to 112 beds – all ICU / CCU equipped
 - 2 to 6 catheterization labs; 2 to 4 operating rooms
 - Partner with physicians both operationally and economically
 - Medical staff of 250 – 300 physicians including 15 to 70 investors



Regulators

Excellent scores on Joint Commission on Accreditation of Healthcare Organizations Survey



Competitive Impact

- Competition from MedCath hospitals benefits patients, and payors (public and private) due to:
 - Increased access to cardiac monitored beds
 - Improved access to emergency services
 - Improved clinical outcomes
 - Reduced costs resulting from
 - Shorter hospital stays
 - Higher percentage of patients discharged directly home
 - Efficient use of critical nursing labor pool
 - Higher patient satisfaction
 - New competitive benchmark



Improving the Patient's Experience

Patient Satisfaction Surveys

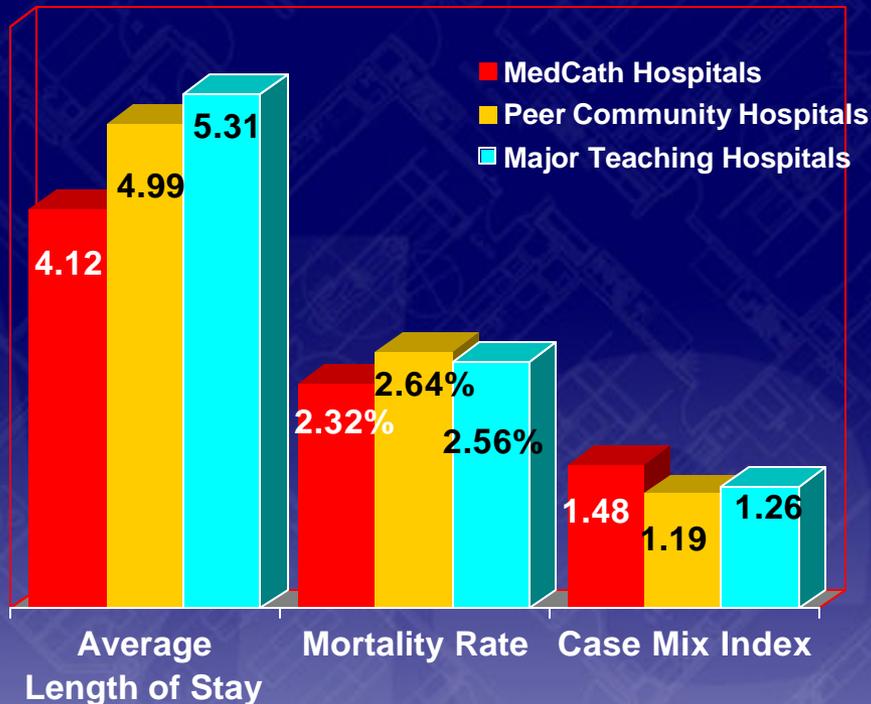
- Care Coordination 94%
- Info./Education/Continuity 98%
- Family Involvement 99%
- Physical Comfort 99%
- Emotional Support 98%
- Physician Interface 97%
- Special Needs 97%
- WOULD YOU RETURN? 98%



Superior Clinical Results

FY2000 Data

The Lewin Group Report – Quality of Care



MedCath hospitals

FY 2000 8 operational hospitals

Peer Community Hospitals

946 US hospitals that performed Open-Heart Surgery in FY2000

Major Teaching Hospitals

193 US hospitals that performed Open-Heart Surgery in FY2000 and have an interns and residents to bed ration of 0.25 and above

Data:

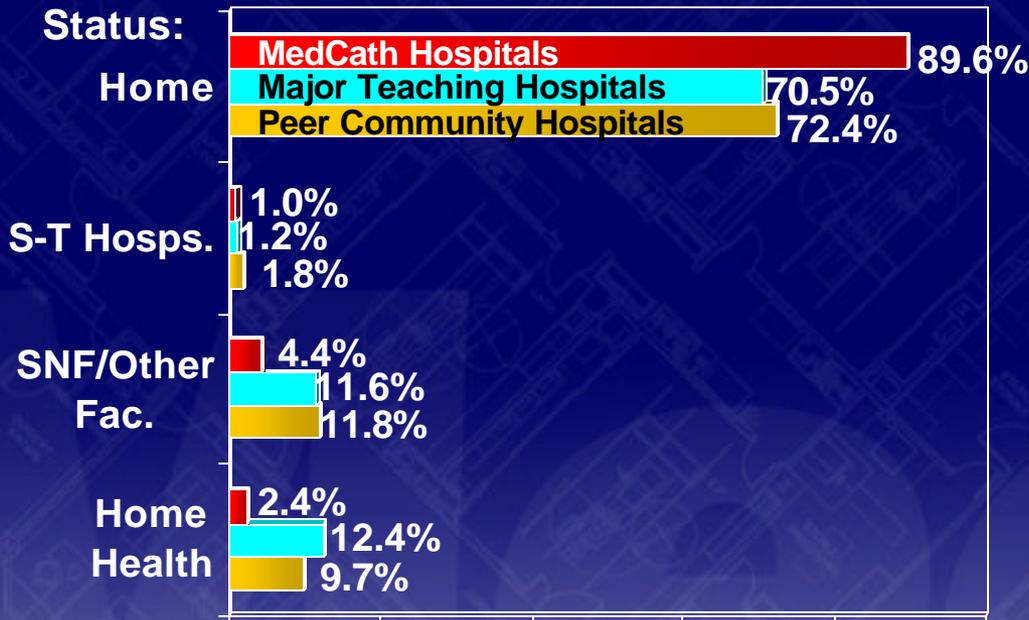
2000 MedPAR for 25 primary cardiovascular APR-DRGs

*Source: The Lewin Group Report: "A Comparative Study of Patient Severity, Quality of Care and Community Impact at MedCath Heart Hospitals"

Superior Clinical Results

Heart Hospital Model Reduces System Costs

Discharge



MedCath hospitals

FY 2000 8 operational hospitals

Peer Community Hospitals

946 US hospitals that performed Open-Heart Surgery in FY2000

Major Teaching Hospitals

193 US hospitals that performed Open-Heart Surgery in FY2000 and have an interns and residents to bed ration of 0.25 and above

Data:

2000 MedPAR for 25 primary cardiovascular APR-DRGs

*Source: The Lewin Group Report: "A Comparative Study of Patient Severity, Quality of Care and Community Impact at MedCath Heart Hospitals"

Superior Clinical Results

Heart Hospital Model Reduces System Costs

Discharge

Status:

“We estimate overall Medicare spending was reduced between \$12.2 and \$15.2 million because MedCath hospitals discharge a higher portion of patients home.”

– The Lewin Group

Health  9.7%

cardiovascular APR-DRGs

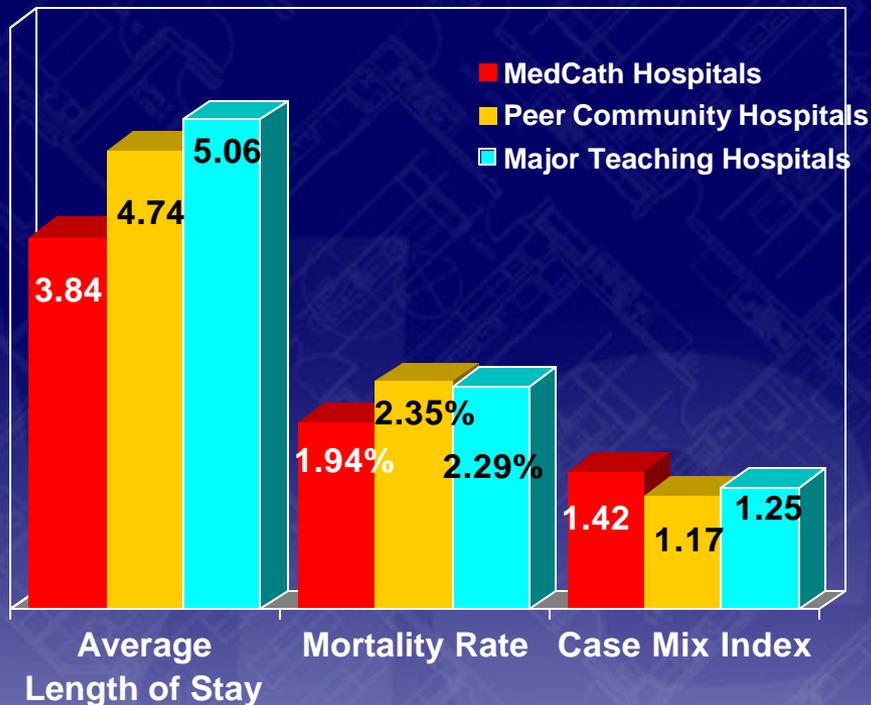
*Source: The Lewin Group Report: “A Comparative Study of Patient Severity, Quality of Care and Community Impact at MedCath Heart Hospitals”

MedCath

Superior Clinical Results

FY2001 Data

The Lewin Group Report – Quality of Care



MedCath hospitals

FY 2001 7 operational hospitals

Peer Community Hospitals

982 US hospitals that performed Open-Heart Surgery in FY2001

Major Teaching Hospitals

210 US hospitals that performed Open-Heart Surgery in FY2001 and have an interns and residents to bed ration of 0.25 and above

Data:

2001 MedPar for 25 primary cardiovascular APR-DRGs

*Source: The Lewin Group Report: "A Comparative Study of Patient Severity, Quality of Care and Community Impact at MedCath Heart Hospitals"

What Actions have existing competitors taken in response to the announcement of a heart hospital?



Conclusion

- MedCath Heart Hospitals introduce innovation into the markets we enter
- Generate superior clinical results
- Achieve superior patient satisfaction
- Heart hospital design and operating processes result in increased personal productivity for both physicians, nurses and other caregivers
- We secure a significant market position within the first two years of operation

